

Community resources

[Follow us on Twitter](#) [Check our Reddit](#) [Twitter this](#) [Digg this page](#) [Contact us on IRC](#)

courage is contagious

Viewing cable 09RIYADH112, SAUDIS PREPARE TO CROSS PRODUCTION RUBICON BUT

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09RIYADH112**.

Reference ID	Created	Released	Classification	Origin
09RIYADH112	2009-01-14 15:18	2011-08-30 01:44	CONFIDENTIAL	Embassy Riyadh

Appears in these articles:

<http://www.mcclatchydc.com/2011/05/25/114759/wikileaks-saudis-often-warned.html>

VZCZCXRO6740
PP RUEHDE RUEHROV
DE RUEHRH #0112 0141518
ZNY CCCCC ZZH
P 141518Z JAN 09
FM AMEMBASSY RIYADH
TO RUEHC/SECSTATE WASHDC PRIORITY 9907
INFO RUEHXX/ARAB ISRAELI COLLECTIVE
RUEHHH/OPEC COLLECTIVE

C O N F I D E N T I A L RIYADH 000112

SIPDIS

DEPT FOR NEA/ARP(HARRIS)

E.O. 12958: DECL: 01/14/2019

TAGS: [EPET](#) [PGOV](#) [KWBG](#) [KBCT](#) [SA](#)

SUBJECT: SAUDIS PREPARE TO CROSS PRODUCTION RUBICON BUT
ESCHEW EMBARGO

REF: A. RIYADH 71
[1](#)B. RIYADH 81
[1](#)C. 08RIYADH1880

Classified By: CDA David Rundell for reasons 1.4(b) and (d).

11. (C)

Key points

-- Saudi Oil Minister announced a significant oil production cut that might bring production below 8 million barrels per day for the first time in years.

-- The Foreign Minister reiterated earlier the Kingdom's policy that oil exports will not be used as a weapon.

Comment

-- We believe the Saudis are correctly concerned that oil has stuck in the \$30 range for so long that there will be negative repercussions for its budget (Ref C).

-- The oil cut is a "two-for" for the Kingdom: it slows the slide in oil price, and it will resonate with those looking to show the SAG has clout with energy markets.

End key points and comment.

Oil minister announces production cuts

12. (C) Oil Minister Ali Al-Naimi announced in India January 13 that Saudi Arabia would reduce oil production further in February, beneath its OPEC commitments, to help stop prices from falling further. This might bring Saudi production below 8 million barrel/day (mbd) to the country's lowest daily production in more than six years. According to the BP statistical review of world energy, the country's annual average daily production has not gone that low since 1982-90 when Saudi Arabia suffered a veritable economic depression mainly due to sustained low oil prices.

13. (C) Our contacts say the SAG has sought to avoid producing less than 8 mbd not only for psychological and budgetary reasons but also because of the cut in associated gas production that would result. With limited unassociated gas reserves, Saudi Arabia depends on this gas associated with oil production to produce electricity, water, and petrochemicals. In any event Naimi's statement follows King Abdallah's public statement in November that \$75/barrel was a "fair" price. With prices now less than \$40/barrel, Naimi's statement should be construed as an attempt to jawbone oil markets higher and reiterate the SAG's strong intent to, as Naimi said, "do what it takes to bring (prices) back to balance."

Foreign minister rejects oil embargo

14. (C) A week before Naimi's statement, and halfway around the world, Foreign Minister Prince Saud Al-Faisal told reporters in New York January 7 that Saudi Arabia would continue its longtime policy of refusing to use its oil exports as a weapon. Responding to a call by an Iranian military commander for Muslim countries to impose an oil embargo on Israel's allies in response to the conflict in Gaza, Prince Saud reportedly said, "The oil producers who need their income ... are not going to do that. ... The important thing (is), oil is not a weapon. You can't reverse a conflict by using oil." (Note: Saudi Arabia has not sought to use oil as a weapon since the mid-1970s, with the arguable exception that they have sometimes increased production to maintain market stability, to the frustration of some of its fellow producers, such as Iran.) There is no sign of the Saudi government reversing this policy, despite the growing clamor over Israel's operations in Gaza.

15. (C) Interestingly, a contact working for Chevron told econoff January 9 that the SAG had unexpectedly downgraded the visibility of a ceremony commemorating the renewal of Chevron's concession in the partitioned neutral zone between

Saudi Arabia and Kuwait. He blamed events in Gaza for the
Saudi decision.
RUNDELL